



Dave Yost • Auditor of State

LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Life Skills Center of Youngstown
Mahoning County
3405 Market Street
Youngstown, Ohio 44507

To the Board of Directors:

We have audited the accompanying basic financial statements of the Life Skills Center of Youngstown, Mahoning County, Ohio, (the School) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Life Skills Center of Youngstown, as of June 30, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2011, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The Federal Awards Revenues and Expenses Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Revenues and Expenses Schedule is management's responsibility, and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 4, 2011

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)**

The discussion and analysis of the Life Skills Center of Youngstown's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 ***Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*** issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- In total, net assets decreased \$9,025, which represents an 11.1 percent decrease from 2009. This decrease in net assets is a result of the significant increase in current liabilities.
- Total assets increased \$109,570, which represents a 42.9 percent increase from 2009. This was due to the increase in receivables from 2009.
- Liabilities increased \$118,595, which represents a 68.1 percent increase from 2009. This is due to the significant increase in grants funding payable.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)**

Statement of Net Assets

The Statement of Net Assets answers the question of how the School did financially during 2010. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal year 2010 and fiscal year 2009.

(Table 1)
Statement of Net Assets

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets	\$ 365,170	\$ 255,600
	<u> </u>	<u> </u>
Liabilities		
Current Liabilities	\$ 292,744	\$ 174,149
	<u> </u>	<u> </u>
Net Assets		
Unrestricted	\$ 72,426	\$ 81,451
	<u> </u>	<u> </u>

Total assets increased \$109,570. Although cash on hand decreased, total assets increased due to the increase in receivables from 2009. The School operates under a management agreement with WHLS of Ohio, LLC (WHLS). Under the terms of the management agreement, WHLS is paid a specific percentage of the state and federal revenues the School receives. (See Notes to the Financial Statements, Note 9) Liabilities increased by \$118,595 from 2009. This increase is related to the School's grants funding payable this year which more than doubled from the prior year.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)**

Statement of Revenues, Expenses, and Changes in Net Assets

Table 2 shows the changes in net assets for fiscal year 2010 and fiscal year 2009, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Assets

	2010	2009
Operating Revenue		
State Aid	\$ 2,253,435	\$ 2,652,616
 Non-Operating Revenues		
Grants	634,432	227,502
Interest	202	2,185
Miscellaneous	-	-
Total Revenues	2,888,069	2,882,303
 Operating Expenses		
Purchased Services: Management Fees	2,185,832	2,573,038
Purchased Services: Grant Programs	634,432	205,275
Sponsorship Fees	11,267	13,263
Food Service	-	24,895
Legal	19,163	21,749
Advertising	448	16
Insurance	14,757	16,127
Auditing & Accounting	5,787	6,593
Board of Education	22,414	69,818
Miscellaneous	2,994	346
Total Expenses	2,897,094	2,931,120
 Change in Net Assets	\$ (9,025)	\$ (48,817)

The primary reason for the increase in overall revenues from 2009 was due to the increase in grant funding due to the American Recovery Reinvestment Act (ARRA) funding that was available beginning in fiscal year 2010. The School's most significant expenses, "Purchased Services: Management Fees" decreased due to the decrease in enrollment as well as the decrease in state aid which is affected because of the management agreement in place between the School and WHLS. The agreement provides that specific percentages of the revenues received by the School will be paid to WHLS to fund operations. (See Notes to the Basic Financial Statements, Note 9.)

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)**

Current Financial Issues

The Life Skills Center of Youngstown received revenue for 286 students in 2010 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from State Aid. Per pupil revenue from State Aid for the School averaged \$7,879 in fiscal year 2010. The School receives additional revenues from grant subsidies.

Although there is a possibility that State Aid will be cut in future years due to the economic climate, the School feels that the relationship with the management company will insulate them from any significant change. The relationship brings stability to the School since specific percentages of revenues are payable to the management company (See Notes to the Basic Financial Statements, Note 9).

Contacting the School's Financial Management

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Fiscal Officer for the Life Skills Center of Youngstown, 159 South Main Street, Akron, Ohio 44308.

LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	\$	105,293
Continuing Fees Receivable		49,928
Sponsorship Fees Receivable		257
State Funding Receivable		34,831
Grants Funding Receivable		174,861

Total Assets \$ 365,170

LIABILITIES

Current Liabilities

Accounts Payable	\$	5,738
Sponsorship Fees Payable		174
Grants Funding Payable		201,574
State Funding Payable		51,472
Continuing Fees Payable		33,786

Total Liabilities \$ 292,744

NET ASSETS

Unrestricted 72,426

Total Net Assets \$ 72,426

The notes to the basic financial statements are an integral part of this statement.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

OPERATING REVENUES

State Aid	<u>\$ 2,253,435</u>
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OPERATING EXPENSES

Purchased Services: Management Fees	2,185,832
Purchased Services: Grant Programs	634,432
Sponsorship Fees	11,267
Legal	19,163
Advertising	448
Insurance	14,757
Auditing and Accounting	5,787
Board of Education	22,414
Bank Fees	384
Miscellaneous	2,610
Total Operating Expenses	<u>2,897,094</u>
Operating Loss	<u>(643,659)</u>

NON-OPERATING REVENUES

Grants	634,432
Interest	202
Total Non-Operating Revenues	<u>634,634</u>
Change in Net Assets	(9,025)
Net Assets, July 1, 2009	<u>81,451</u>
Net Assets, June 30, 2010	<u>\$ 72,426</u>

The notes to the basic financial statements are an integral part of this statement.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from State and Federal Sources	\$ 2,192,868
Cash Payments to Suppliers for Goods and Services	<u>(2,727,671)</u>
Net Cash Used for Operating Activities	<u>(534,803)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest	<u>202</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash Received from Grant Programs	<u>492,828</u>
Net Decrease in Cash and Cash Equivalents	(41,773)
Cash and Cash Equivalents at Beginning of Year	<u>147,066</u>
Cash and Cash Equivalents at End of Year	<u>\$ 105,293</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED FOR OPERATING ACTIVITIES**

Operating Loss	<u>\$ (643,659)</u>
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**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET
CASH USED FOR OPERATING ACTIVITIES**

Changes in Assets and Liabilities:	
Continuing Fees Receivable	24,963
State Funding Receivable	(34,831)
Sponsorship Fees Receivable	129
Sponsorship Fees Payable	174
Accounts Payable	1,909
State Funding Payable	(25,736)
Grants Funding Payable	108,462
Continuing Fees Payable	<u>33,786</u>
Total Adjustments	<u>108,856</u>
Net Cash Used for Operating Activities	<u>\$ (534,803)</u>

The notes to the basic financial statements are an integral part of this statement.

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**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Life Skills Center of Youngstown (the School) is a federal 501(c)(3) tax exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with WHLS of Ohio, LLC (WHLS) for most of its functions. (See Note 9.)

The School signed a contract with Ohio Council of Community Schools (OCCS) (Sponsor) to operate for a period from July 1, 2005 through June 30, 2010. The School operates under a self-appointing, six-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility, which is leased by WHLS. The facility is staffed with teaching personnel employed by WHLS, who provide services to 286 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with GASB pronouncements. The School does not apply FASB statements and interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

A. BASIS OF PRESENTATION

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. BUDGETARY PROCESS

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2010. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts and spending plans.

D. CASH AND CASH EQUIVALENTS

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Assets, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2010, investments were limited to the State Treasurer's Investment Pool STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2010.

E. INTERGOVERNMENTAL REVENUES

The School currently participates in the State Foundation Program and the Career Based Intervention (CBI) Program, which are reflected under "State Aid" on the Statement of Revenues, Expenses, and Changes in Net Assets. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. INTERGOVERNMENTAL REVENUES (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2010 school year totaled \$2,887,867.

F. CAPITAL ASSETS AND DEPRECIATION

For purposes of recording capital assets, the Board has a capitalization threshold of \$5,000.

As of June 30, 2010, the School had no capital assets.

G. USE OF ESTIMATES

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. NET ASSETS

Net assets represent the difference between assets and liabilities. All of the School's net assets were unrestricted at June 30, 2010.

I. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily State Aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all School deposits was \$14,882. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, none of the School's bank balance of \$27,254 was exposed to custodial risk as discussed below, since all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

B. Investments

As of June 30, 2010, the School had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>Greater than 24 months</u>
STAROhio	\$ 90,411	\$ 90,411	\$ -	\$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAROhio an AAAM money market rating.

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAROhio	\$ 90,411	100.00

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

4. STATE FUNDING RECEIVABLE/PAYABLE

The School has recognized on its Statement of Net Assets a "State Funding Receivable" for the amount of State Aid directly related to FTE, estimated to be owed to the School from the Ohio Department of Education (ODE) based on the difference in the amount the School actually received versus the amount earned through student full-time equivalent (FTE) enrollment as determined at the end of the year. A Receivable reflects that the School was funded on a lower estimated enrollment figure throughout the year than what the actual FTE enrollment figure was calculated to be at year-end. At June 30, 2010, the amount of "State Funding Receivable" was \$34,831.

The School has recognized on its Statement of Net Assets a "State Funding Payable" for the amount of State Aid directly related to FTE, estimated to be owed by the School to the Ohio Department of Education (ODE) based on the difference in the amount the School actually received versus the amount earned through student full-time equivalent (FTE) enrollment as determined at the end of the 2009 fiscal year. A payable reflects that the School was funded on a higher estimated enrollment figure throughout the year than what the actual FTE enrollment figure was calculated to be at year-end. At June 30, 2010, the remaining amount of "State Funding Payable" fiscal year 2009 was \$51,472.

5. CONTINUING FEES RECEIVABLE/PAYABLE

A "Continuing Fees Receivable" from WHLS has been recorded by the School in the amount of \$49,928 for 97 percent of the "State Funding Payable" due to the State for the overfunded FTE's in fiscal year 2009.

A "Continuing Fees Payable" to WHLS has been recorded by the School in the amount of \$33,786 for 97 percent of the "State Funding Receivable" due from the State for the under funded FTE's in fiscal year 2010. (See Note 4.)

6. GRANTS FUNDING PAYABLE/RECEIVABLE

The School has recorded "Grants Funding Payable" in the amount of \$174,861 to account for the remainder of State and Federal awards that are payable to the Management Company under the terms of their agreement.

The School has also recorded "Grants Funding Receivable" in the amount of \$201,574 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2010. Part of this receivable is from the American Recovery and Reinvestment Act (ARRA) funding that was outstanding as of June 30.

7. SPONSORSHIP FEES RECEIVABLE/PAYABLE

A "Sponsorship Fees Receivable" from OCCS has been recorded by the School in the amount of \$257 for one half of one percent (1/2%) of the "State Funding Payable" due to the State for the over funded FTE total from fiscal year 2009.

A "Sponsorship Fees Payable" to OCCS has been recorded by the School in the amount of \$174 for one half of one percent (1/2%) of the "State Funding Receivable" due from the State for the under funded FTE total from fiscal year 2010. (See Note 4.)

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

8. RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with WHLS, WHLS has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement. (See Note 9.) There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past four years.

Director and Officer - Coverage has been purchased by the School with a \$5,000,000 aggregate limit and a \$15,000 deductible.

9. AGREEMENT WITH WHLS

Effective June 1, 2009, the School entered into a revised Management Agreement (Agreement) with WHLS, which is an educational consulting and management company. The Agreement's term ends on June 30, 2014. The term is made to renew automatically for two (2) additional (5) five year terms unless one party notifies the other party by February 1 of the year prior to the expiration of the then-current term of its intention to not renew the Agreement. Substantially all functions of the School have been contracted to WHLS. WHLS is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay WHLS a monthly continuing fee of 97 percent of the School's "Qualified Gross Revenues", defined as all revenues and income received by the School except for charitable contributions and WHLS shall receive 100 percent of any and all grants or funding of any kind generated by WHLS, and its affiliates beyond the regular per pupil state funding received by the School, subject to any terms and conditions attached to the grants, if any, with the exception of any food service revenue. The continuing fee is paid to WHLS based on the qualified gross revenues.

The School had purchased service expenses for the year ended June 30, 2010, to WHLS of \$2,820,264 of which \$235,360 was payable to WHLS at June 30, 2010. WHLS will be responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance.

10. SPONSORSHIP FEES

Under Paragraph D(5) of the sponsor contract with OCCS, it states that the School "...shall pay to the Sponsor the amount of one half of one percent (1/2%) of the total state funds received each year, in consideration for the time, organization, oversight, fees and costs of the Sponsor pursuant to this contract." Such fees are paid to the OCCS monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Assets, the School incurred \$11,267 in sponsorship fees to OCCS.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

11. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2010, WHLS of Ohio, LLC and its affiliates incurred the following expenses on behalf of the School.

	2010
Expenses	
Direct Expenses:	
Salaries & wages	\$ 660,845
Employees' benefits	199,387
Professional & technical services	268,203
Property services	292,607
Travel	4,170
Communications	13,437
Utilities	29,513
Books, periodicals, & films	885
Other supplies	123,597
Depreciation	11,542
Other direct costs	38,869
Indirect Expenses:	
Overhead	548,818
Total Expenses	\$ 2,191,873

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services provided in the operation of the School. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

12. DEFINED BENEFIT PENSION PLANS

The School has contracted with WHLS to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to each of the systems noted below: (See Note 9.)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

Plan Description – WHLS, on behalf of the School, contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits: annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and WHLS, on behalf of the School, is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$9,651, \$10,735, and \$9,562, respectively, which equaled the required contributions each year.

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description – WHLS, on behalf of the School, participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. STATE TEACHERS RETIREMENT SYSTEM (Continued)

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. WHLS on behalf of the school was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

WHLS' required contributions on behalf of the School for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$74,230, \$80,116, and \$56,274, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$0 made by the School and \$0 made by the plan members.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2010, there were no members that elected Social Security.

13. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Postemployment Benefits - In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation is .76%. WHLS' contributions on behalf of the School for the years ended June 30, 2010, 2009 and 2008 were \$574, \$886, and \$689, respectively, which equaled the required contributions each year.

Health Care Plan- ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

13. POSTEMPLOYMENT BENEFITS (Continued)

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM (Continued)

SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. WHLS' contributions on behalf of the School assigned to health care for the years ended June 30, 2010, 2009, and 2008 were \$1,488, \$4,913, and \$5,943, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description – WHLS, on behalf of the School, District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$5,710, \$6,163, and \$4,329, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

14. CONTINGENCES

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

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**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**FEDERAL AWARDS REVENUES AND EXPENSES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Revenues	Expenses
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster			
Special Education Grants to States, IDEA - B	84.027	\$ 49,380	\$ 49,380
ARRA Special Education Grants to States, IDEA - B	84.391	35,239	35,239
Total Special Education Cluster		<u>84,619</u>	<u>84,619</u>
Improving Teacher Quality State Grants, Title II-A	84.367	5,425	5,425
Educational Technology State Grants, Title II-D	84.318	864	864
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	175,113	175,113
School Improvement Grants Sub A, Title I	84.010	60,000	60,000
ARRA - Title I Grants to Local Educational Agencies	84.389	44,594	44,594
Total Title I, Part A Cluster		<u>279,707</u>	<u>279,707</u>
School Improvement Grants Sub G, Title I	84.377	491	491
Safe and Drug-Free Schools and Communities State Grants, Title IV-A	84.186	970	970
ARRA - State Fiscal Stabilization Fund Education State Grants	84.394	<u>151,512</u>	<u>151,512</u>
Total U.S. Department of Education		<u>523,588</u>	<u>523,588</u>
Total		<u><u>\$ 523,588</u></u>	<u><u>\$ 523,588</u></u>

The accompanying notes are an integral part of this schedule.

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS REVENUES AND EXPENSES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Revenues and Expenses Schedule (the Schedule) reports Life Skills Center of Youngstown federal award programs' revenues and expenses. The Schedule has been prepared on the full accrual basis of accounting.

NOTE B - TRANSFERS BETWEEN PROGRAM YEARS

The School generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, a School can transfer (carryover) unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance. During fiscal year 2010, the Ohio Department of Education authorized the following transfer:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Title I Grants to Local Educational Agencies	84.010	\$52,984
School Improvement Grants, Sub G, Title I	84.377	5,006
Improving Teacher Quality State Grants, Title II-A	84.367	19,359
Educational Technology State Grants, Title II-D	84.318	1,132
Safe and Drug Free Schools and Communities State Grants, Title IV-A	84.186	162
ARRA – Title I Grants to Local Educational Agencies	84.389	128,899
ARRA – Special Education Grants to States	84.391	20,566



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Life Skills Center of Youngstown
Mahoning County
3405 Market Street
Youngstown, Ohio 44507

To the Board of Directors:

We have audited the financial statements of Life Skills Center of Youngstown, Mahoning County, Ohio, (the School) as of and for the year ended June 30, 2010 and have issued our report thereon dated February 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

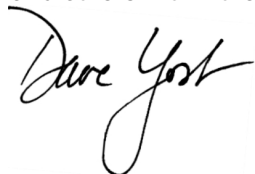
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the School's management in a separate letter dated February 4, 2011.

We intend this report solely for the information and use of management, the audit committee, Board of Directors, the Community School's sponsor, and federal awarding agencies and pass-through entities and others within the School. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 4, 2011



Dave Yost • Auditor of State

Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Life Skills Center of Youngstown
Mahoning County
3405 Market Street
Youngstown, Ohio 44507

To the Board of Directors:

Compliance

We have audited the compliance of the Life Skills Center of Youngstown, Mahoning County, Ohio, (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Life Skills Center of Youngstown's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal program. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the Life Skills Center of Youngstown complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated February 4, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, the Community School's sponsor, and others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 4, 2011

**LIFE SKILLS CENTER OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1, Part A Cluster: Title 1 Grants to Local Education Agencies-CFDA#84.010 ARRA- Grants to Local Education Agencies CFDA#84.389
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None

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LIFE SKILLS CENTER OF YOUNGSTOWN

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2011**